

2012 Budget Presentation

www.thewoodlandstownship-tx.gov
The Woodlands Township Board Chambers • 10001 Woodloch Forest Drive, Suite 600 • The Woodlands, Texas 77380

What is the format for today's presentation?

Before discussing the specific proposals in the 2012 budget, I would like to spend a few minutes talking about

- ✓ Our current financial condition
- ✓ Financial planning initiatives over the past two years
- ✓ Specific considerations when developing the five year plan
- ✓ A general overview of the 2012 budget changes

What is our current financial condition?

The Woodlands Township is excellent financial condition.

- ✓ An excellent bond rating
- ✓ Low debt per capita
- ✓ A strong business climate which provides substantial sales and room tax.
- ✓ Excellent business development prospects for the future
- ✓ NO unfunded pension costs
- ✓ NO substantial unfunded retiree health insurance costs
- ✓ NO large vacation and sick leave balances to be paid out.

Over the past two budget years, the Board has approved and implemented a number of successful financial initiatives

- ✓ Merged the two organizations at a substantial savings to the taxpayer
- ✓ Established benefit programs that are fully funded annually
- ✓ Refinanced existing debt at a substantial savings to the taxpayer
- ✓ Funded new capital improvement projects at historically low interest rates
- ✓ Provided for a level tax rate
- ✓ Weathered an economic downturn without a substantial decrease in services
- ✓ Established strong reserves for operations, capital replacement and economic development
- ✓ Achieved a AA bond rating for tax supported debt
- ✓ Established financial strength for the Township governmental operation

When developing the Township five year plan for 2012 – 2016, what were the specific considerations by staff in the plan development?

- 1. The established tax rate should be sustainable for the long term planning period.
- 2. The plan needs to consider realistic costs to fund services related to future growth.
- 3. The plan needs to include an action plan for addressing the Parks and Recreation Needs Assessment
- 4. All capital funding items in the five year plan should have a funding source / operating funds, bonding or other legitimate funding sources.
- 5. Capital assets have a useful life and will wear out over time / need to be matched with a valid plan for funding.
- 6. Our community expects that the current quality of life services will continue / to be provided by Township or others.
- 7. The capital asset reserve fund will be funded through any budget surplus amounts vs. direct appropriation of budget funding.
- 8. Continued growth of sales tax and room tax growth is contingent on making the appropriate investments in community amenities and services.
- 9. The five year plan is dynamic / it must be reviewed and adjusted annually (to reflect changing conditions).



2012 Budget Highlights

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Property Tax Rate

• The 2012 property tax rate is proposed to decrease from 32.74 cents per \$100 of valuation to 32.50 cents under the 2012 budget proposal.

The Woodlands Fire Department

The most significant operating cost increase for 2012 will be in The Woodlands Fire Department budget.

- Two new stations online in 2011 and 2012.
- Most of the cost impact will occur in the 2012 budget / additional \$2.7 million in funding.
- Proposed additional staff positions for the WFD
 - 15 new firefighters for Fire Station #7
 - Two additional dispatcher positions / funded through direct contract revenue for providing dispatch service to Emergency Services Districts (ESDs) in Montgomery County
 - Operating funding for two additional fire stations.

Law Enforcement Contracts

- In 2011, The Woodlands contracts for 80 law enforcement personnel with the Montgomery County Sheriff's Office (MCSO) and contracts for one deputy for The Woodlands Village of Creekside Park in Harris County.
- Preliminary law enforcement study recommendations indicate
 - Adequate personnel levels for Montgomery County portion of the Township
 - Need to accelerate staffing to accommodate growth in the Harris County / Creekside Park area
- To be proactive, the 2012 budget proposal includes
 - Three personnel in the MCSO contract (two sergeants and one deputy)
 - Two deputies (½ yr) for the Harris County / Creekside Park contact.
- Five year plan includes the proposed addition of three additional deputies in the Harris County / Creekside Park contract in 2013.
 - These additional contract personnel will allow the Township to staff a new community policing zone to serve Creekside Park by 2013.

Parks / Creation of a Town Center Operations and Maintenance Division

- In 2011, most of the operating and maintenance requirements within Town Center are handled by the Parks staff in various service areas and through contract services.
- The 2012 budget proposes to centralize the management of the Town Center operations and maintenance by creating a separate division within the Parks and Recreation Department.
 - Manage all Township facilities and maintenance operations throughout the Town Center.
 - Program change funded by realigning (and reducing) personnel within the Ambassador program to create a Town Center Ranger program.
 - New Town Center Rangers will be responsible for an extended range of duties ranging from security services to maintenance reporting and event support.

Other Township Operations

- Other Township operations will remain status quo or decrease under the 2012 budget proposal.
- A total net decrease of 3.25 FTE (full-time equivalent) positions is proposed primarily in Finance, Neighborhood Services and in the Ambassador program.

Park Needs Assessment – Proposed Funding Plan

- Parks and Recreation Needs Assessment identifies a number of options for potential development of sports fields and competitive aquatic facilities.
 - These options (if developed) are costly and will require a substantial future commitment from The Woodlands Township (and others).
- The 2012 budget recommendation includes \$1.5 million in annual funding that could be committed to future development of these projects.
 - Allow Township staff to develop a long range project plan / consider support that can be raised from other entities and organizations for sports fields and / or aquatic facilities.
 - Consider annual appropriation or look at a more comprehensive project plan if the annual appropriation were used as debt service to amortize a debt issue.
- Any proposed issuance of debt would require future voter authorization.

Permanent Ice Rink Facility

- The 2012 budget includes an appropriation of \$185,000 in the CVB budget to fund the annual set up and take down of the temporary ice rink.
 - Each year, the Ice Rink has been constructed from the ground up.
 - Temporary sites that can be used for the ice rink in the Town Center may become unavailable as development occurs.
- The Woodlands Township has been in discussion with The Cynthia Woods Mitchell Pavilion management about a permanent ice rink site.
 - Potential site located in the Pavilion area / "party tent" location
 - Based on preliminary discussions, staff proposes to budget the annual set up and take down cost of \$185,000 / use to fund a long term lease for a permanent ice rink facility at the Pavilion site, (if determined feasible by the Pavilion Board).
 - If a lease agreement is not feasible, the recommendation is to continue with a temporary facility.

Capital Asset Reserve

- The Capital Asset Reserve study is currently underway and should be complete in the next month or so.
- Preliminary draft findings of the report indicate that the Township should retain about \$14 million in capital replacement reserves, considering the current depreciated value of facilities, equipment and vehicles.
- Based on the five year business plan projections, the Township is projected to have about \$5 million set aside in the capital reserve account at year end 2016 / expect this amount to increase over the five year plan, as any positive annual budget variances will be used to provide additional annual funding to the reserve account.